

TO: Chief, Economic Research, ORR  
Chief, Industrial Division, ORR  
Chief, Producers' Equipment Branch, ORR

29 December 1958

Interview of "Yuriy" Zhukov with Raymond Saulnier

1. On 5 December 1958 I acted as an interpreter at an interview between Raymond Saulnier, Chairman of the Council of Economic Advisors, and "Yuriy" Zhukov, Chairman of the USSR State Committee for Cultural Relations with Foreign Countries. The interview lasted 4 hours. The other participants were Mr. McGrath of the Council of Economic Advisors, Hal Lary of the staff of the Council, and Mr. Vakrushchev, Deputy Chief, Press Section, of the Committee for Cultural Relations, whom Zhukov introduced as his "assistant". Vakrushchev translated Dr. Saulnier's remarks into Russian, while I translated Mr. Zhukov's statements into English.

2. Most of the session was devoted to Dr. Saulnier's answers to questions put to him by Mr. Zhukov, who was interested in the outlook for the US economy, reduction in military expenditures, and increased exchange of information between the Council of Economic Advisors and Soviet economists. Dr. Saulnier had time for only one major question on the possibilities for increasing the number of exchange visits of economists.

3. In asking Saulnier for his appraisal of the current economic situation in the US and the outlook for 1959, Zhukov remarked that the Soviets had economists who studied the US economy, but that the conclusions of economists located several thousands of kilometers from the US frequently varied considerably from those of US economists. Zhukov also asked about the long range prospects for the US economy, particularly for the next seven years. Pointing out that the USSR would spend about three trillion rubles on capital investment during this period, he asked what the comparable estimate for the US would be. He then inquired what the production of steel and automobiles would be for 1958, and whether overall industrial production for 1959 would reach the 1957 level.

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4. Turning to the subject of military expenditures, Zhukov stated that Khrushchev welcomed Vice-President Nixon's London speech. He further asserted that long-range coexistence makes the armaments race unnecessary, for by 1975 present armaments will become obsolete. It is therefore necessary to reduce the current level of weapons production. When Saulnier indicated that US military expenditures are running between 40 and 45 billion dollars a year, Zhukov remarked that "our two countries together will be spending 600 billion dollars during the next seven years—for scrap, and we are not going to fight each other." When Saulnier countered that the US would like very much to reduce the level of military expenditures, Zhukov asked what practical economic problems would arise if the US converted its military plants to civilian production.

5. Zhukov asked if the Council was in contact with the Institute of World Economics and Politics in Moscow and indicated that the Institute would like to receive the publications of the Council of Economic Advisors. He expressed interest in the Chairman's desire to increase exchange visits of economists and indicated he would look into the matter.

6. Commenting on his visit to the Russian Research Center at Harvard, Zhukov observed that the Center was studying the Soviet economy in depth, but that the economists there reached conclusions on the economic growth of the USSR which conformed more to what they would like such growth to be than to what it actually is.

7. Zhukov was cordial, intelligent, and possessed a good sense of humor. Although not an economist he seemed fairly knowledgeable on economic matters. His assistant, Vakrushchev, was equally amiable, was alert, and proved himself an excellent interpreter.

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